

**2005 DRAFTING REQUEST**

**Bill**

Received: **02/28/2005**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Carol Roessler (608) 266-5300**

By/Representing: **jennifer**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Other - alcohol and tobacco**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Roessler@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Cigarette tax increases to fund medical assistance and tobacco use control grants

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 02/28/2005	jdyer 02/28/2005					State
/1			pgreensl 02/28/2005		lemery 02/28/2005	lemery 04/11/2005	

FE Sent For:

<END>

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/?	jkreye	1/28 JLD	2/28 PS	2/28 JLD			

FE Sent For:

<END>

Jennifer — Sen Roemer

draft companion to LRB 1295/P4

— bill from Hines' office

stays

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 2-28-05

Today, please

Regen

1 AN ACT *to amend* 139.31 (1) (a), 139.31 (1) (b), 139.76 (1) and 139.78 (1); and *to*  
2 *create* 139.455 and 139.865 of the statutes; **relating to:** increasing the tax  
3 rates on the sale of cigarettes and chewing tobacco and using revenue from the  
4 increased tax rates for tobacco use control grants and the Medical Assistance  
5 trust fund.

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***Analysis by the Legislative Reference Bureau***

This bill increases the cigarette tax rate by \$1, from 77 cents per pack to \$1.77 per pack. The bill also increases the tobacco products tax rate on the sale of chewing tobacco from 25 percent of the manufacturer's list price to 57 percent of the list price. Under the bill, the first \$15,000,000 of the cigarette taxes collected in each fiscal year will be used to pay for tobacco use control grants. In addition, each fiscal year the Department of Revenue deposits an amount equal to the increased tax rates on the sale of cigarettes and chewing tobacco into the Medical Assistance trust fund.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

6 SECTION 1. 139.31 (1) (a) ✓ of the statutes is amended to read:

1           139.31 (1) (a) On cigarettes weighing not more than 3 pounds per thousand,  
2   ~~38.5~~ 88.5 mills on each cigarette.

3           **SECTION 2.** 139.31 (1) (b) <sup>✓</sup>of the statutes is amended to read:

4           139.31 (1) (b) On cigarettes weighing more than 3 pounds per thousand, ~~77~~ 177  
5   mills on each cigarette.

6           **SECTION 3.** 139.455 <sup>✓</sup>of the statutes is created to read:

7           **139.455 Revenue distribution. (1)** Each fiscal year, beginning in fiscal year  
8   2006–07, the first \$15,000,000 of the taxes collected under this subchapter shall be  
9   credited to the appropriation account under s. 20.435 (5) (fm).

10          **(2)** Each fiscal year, beginning in fiscal year 2006–07, the department shall  
11   deposit an amount equal to 50 mills on cigarettes weighing not more than 3 pounds  
12   per thousand and 100 mills on cigarettes weighing more than 3 pounds per thousand,  
13   less \$15,000,000, into the Medical Assistance trust fund.

14          **SECTION 4.** 139.76 (1) <sup>✓</sup>of the statutes is amended to read:

15          139.76 (1) An excise tax is imposed upon the sale, offering or exposing for sale,  
16   possession with intent to sell or removal for consumption or sale or other disposition  
17   for any purpose of tobacco products by any person engaged as a distributor of them  
18   at the rate of 25% 25 percent, or 57 percent in the case of chewing tobacco, of the  
19   manufacturer's established list price to distributors without diminution by volume  
20   or other discounts on domestic products. On products imported from another country  
21   the rate of tax is ~~25%~~ 25 percent, or 57 percent in the case of chewing tobacco, of the  
22   amount obtained by adding the manufacturer's list price to the federal tax, duties  
23   and transportation costs to the United States. The tax attaches at the time the  
24   tobacco products are received by the distributor in this state. The tax shall be passed  
25   on to the ultimate consumer of the tobacco products. All tobacco products received

1 in this state for sale or distribution within this state, except tobacco products actually  
2 sold as provided in sub. (2), shall be subject to such tax.

3 **SECTION 5.** 139.78 (1) of the statutes is amended to read:

4 139.78 (1) A tax is imposed upon the use or storage by consumers of tobacco  
5 products in this state at the rate of 25% 25 percent, or 57 percent in the case of  
6 chewing tobacco, of the cost of the tobacco products. The tax does not apply if the tax  
7 imposed by s. 139.76 (1) on the tobacco products has been paid or if the tobacco  
8 products are exempt from the tobacco products tax under s. 139.76 (2).

9 **SECTION 6.** 139.865 of the statutes is created to read:

10 **139.865 Revenue distribution.** Each fiscal year, beginning in fiscal year  
11 2006–07, the department shall deposit an amount equal to 57 percent of the tax  
12 imposed under this subchapter on the sale of chewing tobacco into the Medical  
13 Assistance trust fund.

14 **SECTION 7. Appropriation changes.**

15 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation  
16 to the department of health and family services under section 20.435 (5) (fm) of the  
17 statutes, as affected by the acts of 2005, the dollar amount is increased by  
18 \$15,000,000 for fiscal year 2006–07 for the purposes for which the appropriation is  
19 made.

20 **SECTION 8. Effective date.**

21 (1) This act takes effect on January 1, 2006.

22 (END)

*Senste*

**Emery, Lynn**

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**From:** Stegall, Jennifer  
**Sent:** Monday, April 11, 2005 9:57 AM  
**To:** LRB.Legal  
**Subject:** Bill Jacket Request

Hi,

Please send over the bill jacket for LRB 2289/1 relating to increasing the tax rates on the sale of cigarettes and chewing tobacco.

Thanks!

Jennifer Stegall  
Office of Senator Carol Roessler  
608-266-5300/1-888-736-8720  
Jennifer.Stegall@legis.state.wi.us



Stegall,  
Jennifer.vcf